

D.T.E. 99-111

Petition of Massachusetts Electric Company and Nantucket Electric Company for approval of their Electric Reconciliation Mechanism and Inflation Adjustment filing pursuant to D.P.U./D.T.E. 96-25/97-94.

APPEARANCE: Terry L. Schwennesen

Assistant General Counsel

25 Research Drive

Westborough, MA 01582-0099

FOR: MASSACHUSETTS ELECTRIC COMPANY

Petitioner

I. INTRODUCTION

On December 1, 1999, pursuant to settlement agreements approved by the Department of Telecommunications and Energy ("Department") in Massachusetts Electric Company, D.P.U./D.T.E. 96-25 (1996), and Nantucket Electric Company, D.P.U./D.T.E. 97-94 (1998), Massachusetts Electric Company and Nantucket Electric Company ("MECo" or "Company") filed documentation supporting a series of rate adjustments to the Company's existing tariffs. The Company proposed that the tariff adjustments go into effect January 1, 2000. This filing was docketed as D.T.E. 99-111. Notice and a Request for Comments on this filing was issued on December 10, 1999, to all of the participants in D.P.U./D.T.E. 96-25.

On December 6, 1999, the Department requested comments from all electric distribution companies on the issues of distribution rate redesign and an appropriate inflation factor for rates effective January 1, 2000. The Department received responses from electric distribution companies, the Attorney General, and the Division of Energy Resources on December 9, 1999.

Upon review of these responses, on December 17, 1999, the Department sent all electric distribution companies a letter that delineated guidelines for distribution companies on distribution rate redesign and inflation adjustment in their 2000 reconciliation adjustment

filings ("December 17, 1999 Letter"). In response, on December 22, 1999, MECo submitted a revised filing supporting the rate adjustments under the Company's approved tariffs. On December 30, 1999, the Department suspended the Company's revised rate adjustments until January 14, 2000. Massachusetts Electric Company and Nantucket Electric Company, D.T.E. 99-111 (Order Suspending Tariffs) (1999). On January 4, 2000, MECo submitted further revised tariffs.

According to the Company, the rate adjustments affect MECo's standard service, default service, transmission service, demand side management, renewables, and the transition charges. The revised tariffs provide a 15 percent rate reduction for all customer classes, adjusted for inflation through June 30, 2000. The Department finds that the revised tariffs filed by MECo on January 4, 2000, to take effect on January 1, 2000, are in compliance with the directives outlined by the Department in its December 17, 1999, Letter and are in the public interest. Consistent with the Department's directives, the inflation adjustment will be reconciled in the Company's next reconciliation filing (December 17, 1999, Letter at 6). MECo's transition charge is subject to reconciliation pursuant to the Department's ongoing investigation in this proceeding.

II. ORDER

Accordingly, after due consideration, it is

ORDERED: That the tariffs filed by Massachusetts Electric Company and Nantucket Electric Company with the Department, M.D.T.E. Nos. 964-E, 965-E, 969-E, 951-D, 994-A, and 1010 through and including 1017, for service on and after January 1, 2000, are ALLOWED; and it is

FURTHER ORDERED: That the transition charge for Massachusetts Electric Company and Nantucket Electric Company is ALLOWED subject to reconciliation pursuant to the Department's investigation; and it is

FURTHER ORDERED: That Massachusetts Electric Company and Nantucket Electric Company comply with any and all directives contained in this Order.

By Order of the Department,

Janet Gail Besser, Chair

James Connelly, Commissioner

W. Robert Keating, Commissioner

Paul B. Vasington, Commissioner

Eugene J. Sullivan, Jr., Commissioner